IC 21-6.1-2

Chapter 2. State Teachers' Retirement Fund

IC 21-6.1-2-1

Fund; board; establishment

Sec. 1. The Fund and the Board–Establishment. "The Indiana state teachers' retirement fund", referred to as the fund in this article, is established to be used to pay benefits to teachers and to supervisors of teachers in the public schools after specified years of service and under other specified circumstances. The board of trustees of the Indiana state teachers' retirement fund, referred to as the board in this article, is responsible for the control and management of the fund.

As added by Acts 1976, P.L.111, SEC.1.

IC 21-6.1-2-2

Accounts in fund; contributions; administration

Sec. 2. (a) The board shall segregate the fund into the following accounts:

(1) The pre-1996 account.

(2) The 1996 account.

(b) The board shall segregate each of the accounts established under subsection (a) into the following subaccounts:

(1) The annuity savings account.

(2) The retirement allowance account.

(c) Except as provided in subsection (d), member contributions shall be credited to the annuity savings accounts within the pre-1996 account.

(d) Member contributions made after June 30, 1995, with respect to the following members shall be credited to the annuity savings account within the 1996 account:

(1) A member who was hired after June 30, 1995, by a school corporation or other institution covered by the fund.

(2) A member who:

(A) before July 1, 1995, served in a position covered by the fund; and

(B) after June 30, 1995, and before July 1, 2001, was hired by another school corporation or institution covered by the fund or rehired by a prior employer.

(3) A member described in subdivision (2) who, after June 30, 2001, is hired by another school corporation or institution covered by the fund or rehired by a prior employer.

(e) Member contributions made to the pre-1996 account with respect to a member covered by subsection (d) shall be transferred to the annuity savings account within the 1996 account.

(f) Employer contributions made after June 30, 1995, with respect to members described in subsection (d) shall be credited to the retirement allowance account within the 1996 account. Employer contributions made after June 30, 1995, with respect to all other members shall be credited to the retirement allowance account within the pre-1996 account.

(g) Employer contributions, if any (as determined by the board), made to the pre-1996 account with respect to a member covered by subsection (d) shall be transferred to the retirement allowance account within the 1996 account.

(h) The board shall administer these accounts and subaccounts as specified in IC 5-10.2-2.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.221-1985, SEC.1; P.L.54-1993, SEC.15; P.L.291-2001, SEC.126.

IC 21-6.1-2-3 Repealed

(*Repealed by P.L.221-1985, SEC.15.)*

IC 21-6.1-2-4

Payment of administration and bond expenses

Sec. 4. The board shall prorate the expenses of administration of the fund and the bond of the director between the retirement allowance accounts and shall pay the prorated expenses from those accounts.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.55-1989, SEC.30; P.L.5-1990, SEC.13; P.L.54-1993, SEC.16.

IC 21-6.1-2-5

Appropriations; contributions

Sec. 5. (a) The general assembly shall appropriate from the state general fund an amount that is sufficient to cover the state's actuarial liability for each member covered by the pre-1996 account and for each state employee covered by the 1996 account. The board may reduce this liability by the amount of interest earned on the deposits in the fund. This liability is determined by the actuarial investigation prescribed in IC 5-10.2-2-9. The board shall prepare its budget based on this investigation and for other specified expenditures and shall submit it to the governor or to another officer or committee authorized by law to recommend the necessary appropriation.

(b) Each school corporation shall contribute to the 1996 account as specified in IC 21-6.1-7.

(c) If members receive compensation from federal funds, the board shall at the end of each fiscal year determine the employer's contribution, excluding administration expenses, to be paid from federal funds. The amount shall be determined by such method adopted by the board as results in an equitable sharing of the employer contribution by the federal government on account of members receiving compensation from federal funds.

As added by Acts 1976, P.L.111, SEC.1. Amended by P.L.221-1985, SEC.2; P.L.54-1993, SEC.17.

IC 21-6.1-2-6

Repealed

(*Repealed by P.L.222-1985, SEC.2.)*

IC 21-6.1-2-7
Repealed

(*Repealed by P.L.222-1985, SEC.2.)*

IC 21-6.1-2-8
Pension stabilization fund; uses

Sec. 8. (a) It is the intent of the 1995 session of the general assembly that the state create a program to stabilize the state's general fund teacher pension expenditures as a percentage of the general fund budget.

(b) The pension stabilization fund is established. The pension stabilization fund shall be a part of the pre-1996 account, and shall be administered by the board of trustees of TRF in accordance with the powers and duties granted to the board of trustees in IC 21-6.1-3-6, IC 21-6.1-3-7, and IC 21-6.1-3-9 through IC 21-6.1-3-15.

(c) Amounts allocated to the pension stabilization fund under IC 4-30-16-3, a portion of employer reserve balance (as determined by the budget director so that the employer reserve is sufficient for the cash flow needs), and other amounts appropriated to the pension stabilization fund by the general assembly shall be deposited in the pension stabilization fund.

(d) After June 30, 2003, and before July 1, 2004, the board of trustees of TRF shall use an amount not to exceed one hundred ninety million dollars ($190,000,000) from the pension stabilization fund to pay the pre-1996 Indiana state teachers' retirement fund's pension liabilities for the state's fiscal year 2004. After June 30, 2004, and before July 1, 2005, the board of trustees of TRF shall use an amount not to exceed one hundred ninety million dollars ($190,000,000) from the pension stabilization fund to pay the pre-1996 Indiana state teachers' retirement fund's pension liabilities for the state's fiscal year 2005. After state fiscal year 2005, payments from the fund will equal the pre-1996 Indiana state teachers' retirement fund pension liabilities for the current fiscal year minus the prior year's state general fund payments for the pre-1996 Indiana state teachers' retirement fund times the pension stabilization percentage. (In state fiscal year 2006, the prior year's state general fund payments for the pre-1996 Indiana state teachers' retirement fund shall be treated as including the amount used under this section in the prior state fiscal year to pay pre-1996 Indiana state teachers' retirement fund's pension liabilities.) The pension stabilization percentage shall be set at one hundred six percent (106%). The budget agency, after review by the state budget committee and with the approval of the governor, may change the pension stabilization percentage such that the present value of future payments from the fund equal the fund's balance plus the present value of future receipts to the fund, but the payments may not allow the fund balance to be negative.

(e) Money in the pension stabilization fund at the end of a state fiscal year does not revert to the state general fund.

As added by P.L.340-1995, SEC.103. Amended by P.L.224-2003, SEC.97.

IC 21-6.1-2-9

Undistributed income reserve

Sec. 9. (a) The board shall determine the fund's undistributed income reserve as of June 30, 1998, and, under the fund's actuarial valuation as of June 30, 1998, shall allocate the reserve effective July 1, 1998. Thereafter, the board shall do the following:

(1) First credit interest to the members' annuity savings accounts in the guaranteed fund and actual earnings to the alternative investment programs.

(2) After complying with subdivision (1), distribute an amount up to the interest credit rate (but not to exceed any remaining earnings) to the reserve accounts.

(3) After complying with subdivisions (1) and (2), distribute any remaining undistributed income reserve as of the end of each fiscal year on a pro rata basis (based on fiscal year beginning balances) to all reserve accounts in the pre-1996 account, including the pension stabilization fund, and in the 1996 account.

(b) Income may not be distributed under subsection (a)(2) or (a)(3) to the following:

(1) Members' annuity savings accounts in the guaranteed fund or the alternative investment program.

(2) The annuity reserve for benefits-in-force.

As added by P.L.273-1999, SEC.230.